

PHYSICIAN'S GUIDE TO **BENEFITS**



KAISER PERMANENTE®

Southern California Permanente Medical Group



OVERVIEW

The comprehensive benefits and compensation package offered by the Southern California Permanente Medical Group (SCPMG) enables physicians to focus on what they do best – provide their patients with exceptional care. Read on for more details about the competitive benefits available to Associate physicians of SCPMG.

For detailed information about the benefits summarized on this site, contact PHR Shared Services at 1-877-608-0044 or PHRSharedServices@kp.org.

These pages highlight the benefits provided to Associate physicians of SCPMG. It does not provide complete details, nor is it a guarantee of employment or plan eligibility.

The benefits programs are subject to change and those changes may not be reflected on these pages. The benefits programs as described are currently in effect; however, these programs may be limited, added to, changed and/or discontinued.

For details regarding the benefits described, refer to each respective Plan Document, Insurance Policy or Company Policy. In the event of any conflict between this document and the documents that completely describe the benefits, the latter shall prevail.

HEALTH CARE BENEFITS

The suite of Health Care benefits offered to physicians ensures that just like the members you serve, you and your family can enjoy an exceptional quality of life. SCPMG pays premiums for these benefits on your behalf.

Kaiser Foundation Health Plan

Kaiser Foundation Health Plan (KFHP) coverage is provided to all full-time physicians and enrolled eligible spouses/domestic partners and dependent children (up to age 26).

KFHP coverage is comprehensive and includes basic and major medical care at Kaiser Permanente medical facilities, such as hospitalization, surgery, maternity care, diagnostic imaging and laboratory expense, durable medical equipment, and emergency care.

Your KFHP coverage includes:

- \$0 co-payment for doctor office visits
- \$5 co-payment for each prescription
- \$175 vision care allowance toward the purchase of eyeglass lenses, frames and contact lenses every 24 months
- \$0 co-payment for mental health visits, and unlimited inpatient and outpatient visits per calendar year (with a diagnosis of psychosis)
- \$2,500 hearing aid allowance per device, per member, every 3 years

Supplemental Medical

Supplemental Medical provides additional coverage by reimbursing a percentage (100%, 80% or 50%) of certain medically necessary expenses that are not covered by KFHP coverage or that exceed plan limits. Reimbursable services covered by Supplemental Medical include acupuncture, chiropractic care, custodial care and convalescent care. You must first meet your annual deductible before the plan begins to pay:

| Coverage Level | Annual Deductible for Associates |
|----------------|----------------------------------|
| Individual | \$100.00 |
| Family | \$200.00 |

Alternate Mental Health

Your health care benefits also include coverage for mental health services received outside of Kaiser Permanente. Alternate Mental Health includes coverage for hospitalization, outpatient visits, alcohol/drug dependency and day/night care treatment.

Dental

You may choose to enroll in one of three dental plans:

| | Delta Dental (PPO) | United Concordia (DMO) | DeltaCare USA (DMO) |
|-----------------|---|---|---|
| Provider | <ul style="list-style-type: none"> Use any dentist, or select from the extensive Delta Dental PPO network for greater savings | <ul style="list-style-type: none"> Must select a dentist from a panel of providers | <ul style="list-style-type: none"> Must select a dentist from a panel of providers |
| Plan Coverage | <ul style="list-style-type: none"> 100% of preventive services 80% of usual reasonable and customary (R&C) charges for basic services | <ul style="list-style-type: none"> Most preventive services covered at 100% Co-payments required for basic & major services | <ul style="list-style-type: none"> Most preventive services covered at 100% Co-payments required for basic & major services |
| Maximum Benefit | <ul style="list-style-type: none"> \$1,500 | <ul style="list-style-type: none"> No maximum | <ul style="list-style-type: none"> No maximum |
| Orthodontics | <ul style="list-style-type: none"> 50% of orthodontic services up to \$1,250 | <ul style="list-style-type: none"> Available for dependent children and adults You pay a start-up fee plus co-pay | <ul style="list-style-type: none"> Available for dependent children and adults You pay a start-up fee plus co-pay |

Special Dependent Coverage

You may enroll Special Dependents in KFHP coverage similar to what you receive. Coverage is available to your parents, parents-in-law, parents of your domestic partner and over-age children. Special Dependents are eligible for coverage if they live in the Northern or Southern California service area, are not hospital-confined at the time of enrollment and do not have end-stage renal disease. Premiums for Special Dependent coverage may be deducted from your paycheck or may be billed to the Special Dependent. Special Dependent coverage includes KFHP coverage only.

Post-Retirement Health Care & Life Insurance

Physicians with 10 or more years of qualifying service upon retirement from SCPMG are eligible for post-retirement health care and life insurance benefits.



LIFE INSURANCE

SCPMG’s life and accident insurance program provides financial protection for your beneficiaries in the event of your death.

Permanente Provided Life

Permanente Provided Life coverage is based on your years of service, base annual compensation and work schedule. Premiums for this coverage are paid by SCPMG. This insurance becomes effective once the years of service criteria have been met as noted below:

| Years of Service | % of Base Annual Compensation |
|--------------------------------|-------------------------------|
| 3 years but less than 5 years | 100% |
| 5 years but less than 15 years | 200% |
| 15 or more years | 300% |

Optional Life Insurance (and Accidental Death & Dismemberment)

You may purchase age-rated Optional Life Insurance coverage for 100%, 200%, 300%, 400%, 500% or 600% of your base annual compensation (up to a maximum of \$2,000,000).

The maximum combined coverage for Permanente Provided Life and Optional Life Insurance cannot exceed \$2,000,000 or 600% of your base annual compensation. All SCPMG life insurance coverages are term life insurance plans.

Spouse/Domestic Partner Life Insurance

You may also purchase term life insurance coverage for a spouse/domestic partner who is under the age of 70. Premiums for this coverage are based on age.

Business Travel Accident Insurance

SCPMG provides Business Travel Accident insurance for all physicians. This coverage provides accidental death and dismemberment benefits when traveling for business and is paid for by SCPMG. In case of accidental death, the benefit amount is 400% of your base annual compensation, up to a maximum of \$250,000.



OTHER BENEFITS

Professional Liability Coverage

SCPMG provides complete professional liability coverage to all physicians at no cost. The occurrence-based policy provides financial protection for all professional activities performed on behalf of SCPMG. In addition, volunteer community activities may also be covered.

Relocation Package

A relocation package is offered to assist full-time physicians who are joining the group from outside the area. In order to qualify for this benefit, your new work location must increase your commute by at least 50 miles. You may be eligible to be reimbursed for up to \$10,000 of relocation expenses per household.

Flexible Spending Accounts

To help you save on out-of-pocket expenses and reduce your taxable income, you can contribute to a Health Care Spending Account or a Dependent Care Spending Account. Your contributions are deducted from your pay before taxes, up to the IRS limit. Partner physicians are not eligible to participate in Flexible Spending Accounts due to IRS restrictions.

Commuter Choice

Set aside a portion of your income on a pre-tax basis to pay for public transportation, commuter highway transportation and parking expenses for your commute to and from work. Partner physicians are not eligible to participate in Commuter Choice due to IRS restrictions.

Long Term Care Insurance

Upon attaining Partnership, physicians are eligible to purchase Long Term Care insurance to help reimburse expenses associated with care needed if you or a covered family member are chronically ill. Long Term Care insurance is provided by Genworth Financial.

Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) is a free and confidential service available for active physicians and their dependent family members. EAP counselors are licensed, trained clinicians with years of experience and are available for short term problem-solving on a wide range of issues at no charge.

Employee Discounts

Access the online Employee Discounts web page to purchase discounted entertainment tickets or travel. You may also be eligible for discounts on child care services, health and fitness programs, mobile phone services, computers and more.

SAVINGS AND RETIREMENT PLANS

SCPMG provides physicians with several savings and retirement plan options to help you plan for and achieve your financial goals.

Common Plan

Sponsored by Kaiser Foundation Health Plan, the Common Plan provides a non-qualified defined benefit retirement plan for SCPMG physicians.

There are two types of service that affect the Common Plan:

- **Qualifying Service** is time counted to determine if you are eligible for a Common Plan benefit. It includes both full-time and part-time service. To be eligible to receive Common Plan benefits, you must have at least 10 years of Qualifying Service.
- **Credited Service** is time counted to determine the amount of retirement income. It is generally calculated the same as Qualifying Service, but is prorated to work schedule. For example, if you work an 8/10ths work schedule for 10 years, you would have 10 years of Qualifying Service, but only 8 years of Credited Service.

In addition to Credited Service, a physician's Highest Average Compensation (HAC) is used in the benefit calculation. HAC is the average monthly base compensation for the highest 36 consecutive months of the last 120 months as an eligible physician.

The formula to determine the Common Plan benefit amount is:

2% of HAC (up to 20 years) + **1% of HAC** (over 20 years)

Example:

The benefit amount for an age 65 physician with a HAC of \$15,000 and 30 years of Credited Service would be calculated as follows:

$$(2\% \times \$15,000 \times 20 \text{ years}) + (1\% \times \$15,000 \times 10 \text{ years}) = \$7,500 \text{ per month}^*$$

** The benefit amount of the payment will be actuarially adjusted if you begin payment before or after age 65 and/or select a payment option other than lifetime monthly payments.*

Tax Savings Retirement Plan TSR-401(k)

After six months of employment, you may participate in the SCPMG Tax Savings Retirement Plan (TSR-401(k)). With this qualified defined contribution plan, you can accumulate retirement funds by contributing 1% to 75% of your gross compensation per pay period, up to the IRS annual limit. You may choose to make traditional pre-tax contributions, after-tax Roth contributions, or a combination of the two. You can also choose how to invest your contributions by selecting from several investment fund options with varying degrees of investment and inflation risk, including Target Date Funds. Once enrolled, you may stop, change or re-start your contribution at any time.

Keogh Retirement Savings Plan

Upon attaining Partnership, physicians are eligible to contribute to the SCPMG Retirement Plan, also known as the Keogh Plan. This defined contribution plan is designed to qualify for certain tax advantages under Internal Revenue Code Section 401(a). This plan allows Partners to make tax-deductible contributions to a retirement plan which accrues tax-deferred earnings until distributed from the plan upon retirement from the Partnership.

You must elect to participate (or not participate) in the Keogh plan by your sixth month of employment even though contributions do not begin until you attain Partnership.

Electing to participate in the Keogh Plan is an **irrevocable** commitment to make an annual contribution of the amount required for the selected level of participation. You will receive only **one** opportunity to make an election to participate – **if you elect to not participate by the sixth month of employment, you will not be able to commence participation at a later date.**

If you elect to participate in the Keogh plan, you may select from four contribution levels: 100%, 70%, 50% or 25%. Changes in the contribution level or participation status are not permitted once an election has been made. At the end of each year, an actuarial firm determines the next year's contribution limit. A physician's participation level dictates the percentage of the annual contribution limit that the physician will contribute.

The IRS sets an annual limit for combined contributions to a defined contribution plan. In other words, there is a limit on your combined TSR-401(k) and Keogh contributions.

Early Separation Program (ESP)

This program allows Partners between the ages of 58 and 65 an opportunity to retire early and receive a temporary annuity until the normal retirement age of 65. ESP requires one year of advance approval by the SCPMG Board of Directors.

Financial Planning Tools

In addition to a variety of retirement and savings plans, SCPMG also provides TSR and Keogh plan participants with access to experienced financial professionals who can provide additional financial and retirement planning assistance.

- **Schwab Executive Services** provides dedicated one-on-one support for complex financial needs. As an SCPMG physician, you'll have access to a dedicated financial consultant who can provide personalized support, objective guidance and customized investment solutions.
- Whether you are interested in managing your investments on your own, or partnering with an investment professional who can manage investments for you, **Financial Engines** provides a variety of resources to physicians with various levels of investment experience.

COMPENSATED TIME OFF BENEFITS

Vacation

Vacation days accrue bi-weekly and are prorated to your work schedule. An Associate physician working a full-time (10/10ths) schedule will accrue vacation according to the table below:

| Years | Total Vacation Days Per Year | Bi-Weekly Hours Accrued* |
|-------|------------------------------|--------------------------|
| 1-4 | 18 | 5.54 |
| 5-9 | 23 | 7.07 |
| 10+ | 28 | 8.61 |

** Accrual rates increase upon Partnership*

Vacation time may accumulate to a maximum of 90 days. At the conclusion of each anniversary year, the value of any vacation days over 90 will be paid out to you as excess vacation. You also have an opportunity to cash-out vacation hours during the annual Open Enrollment period.

Educational Time

After one year of employment, you earn five days per year (prorated to work schedule) to use for Continuing Medical Education.

Holidays

You receive paid time-off for approved holidays. All holiday pay is prorated to your work schedule. The following holidays are observed:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

Leaves

Several types of leaves are available to help you keep your work life balance and manage personal and professional commitments. SCPMG conforms to all state and federal laws with respect to leaves of absence.

Examples of leaves available include:

- Family Care and Medical Leave
- Parenting Leave
- Compassionate Leave
- Additional Leave Benefits (Extended Educational, Extended Military Service and Extended Medical Service Leaves) are available upon election to the Partnership
- Jury Duty
- Emergency Personal Leave

Sick Leave and Disability Income

SCPMG Sick Leave and Disability programs are integrated to provide continuation of a portion of your income in the event of a disabling illness or injury. The amount and duration of the benefits are based on your work schedule, length of service and category. Sick Leave benefits are pro-rated to your work schedule.

- **Acute Sick Leave** - You may accrue up to 10 days of Acute Sick Leave each year. You may use up to one-half of your annual Acute Sick Leave accrual to care for an ill family member.
- **Short Term Disability** - Associate physicians receive Short Term Disability coverage at SCPMG's expense. This coverage will provide a benefit equal to 50% of your monthly base compensation for up to 22 weeks. Benefits commence on the 15th calendar day of disability.
- **Long Term Disability** - Associate physicians can purchase Long Term Disability (LTD) coverage at their expense. LTD Insurance provides 50% of your monthly base compensation or 50% of your average monthly gross compensation following six months of continuous disability, up to a maximum of \$20,000 per month. Upon attaining Partnership, SCPMG pays the premium for this benefit.

